

# Louisiana Senate Finance Committee



## FY18 Executive Budget

### 05 – Department of Economic Development

May 2017

*Sen. John A. Alario, Jr., President*

*Sen. Eric LaFleur, Chairman*

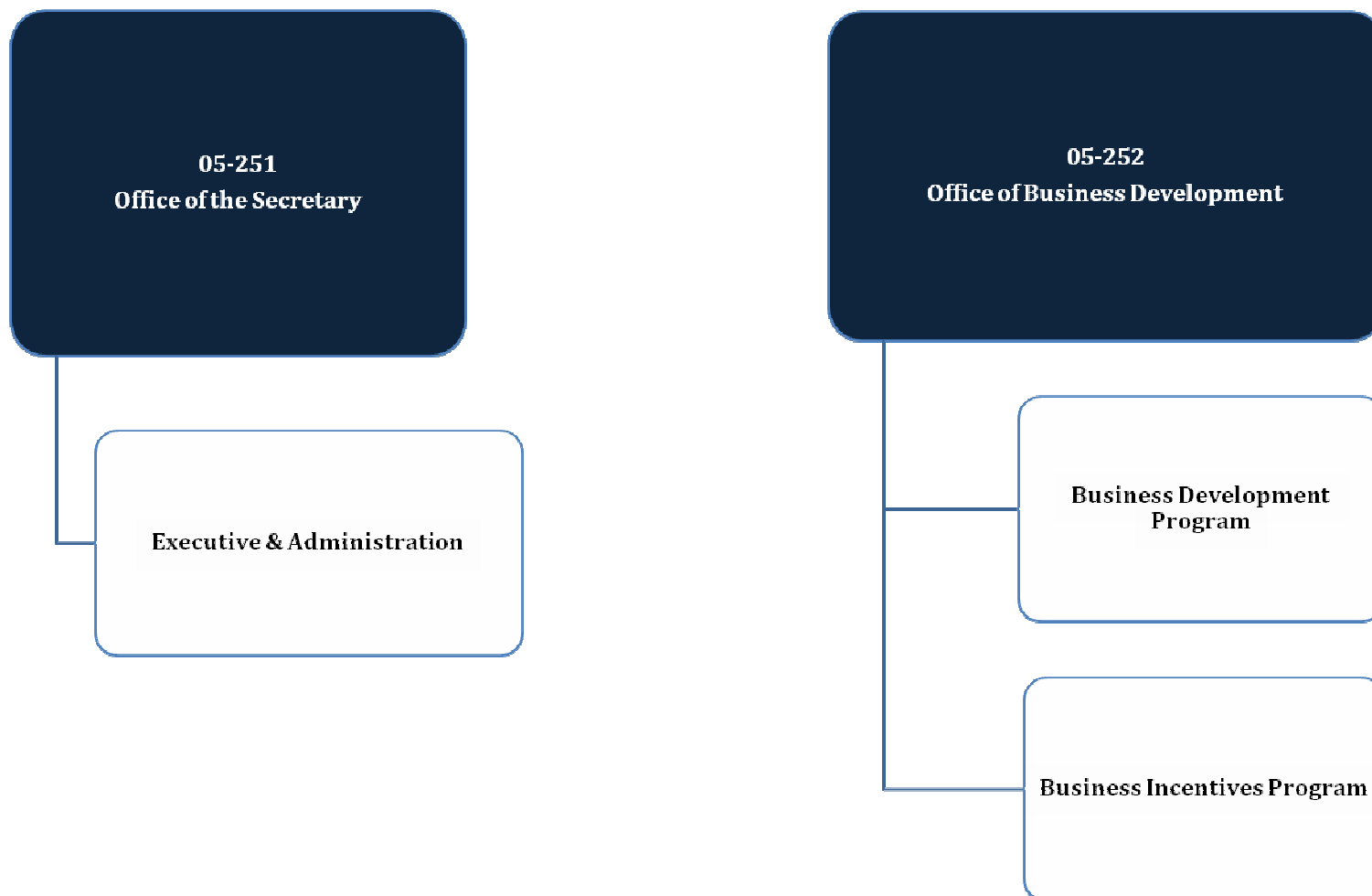




# FY18 Executive Budget

## Schedule 05 — Department of Economic Development

Departmental mission — The mission of the Department of Economic Development is to cultivate jobs and economic opportunity for the people of Louisiana.





# Department of Economic Development

## FY16, FY17, and FY18 Comparison

### Total Funding — All Means of Finance

Total Funding	FY16 Actual	FY17 Enacted	FY17 EOB as of 12-1-16	FY18 Recommended	FY18 Re-engrossed HB1	Difference FY18 Re-engrossed HB1 vs. FY17 EOB as of 12-1-16
Preamble	\$ -	\$ -	\$ -	\$ -	\$ (500,000)	\$ (500,000)
Office of the Secretary	\$ 17,959,641	\$ 20,662,031	\$ 23,466,370	\$ 20,576,752	\$ 20,576,752	\$ (2,889,618)
Office of Business Development	\$ 23,442,492	\$ 30,570,705	\$ 41,403,778	\$ 34,661,892	\$ 34,661,892	\$ (6,741,886)
<b>TOTAL</b>	<b>\$ 41,402,133</b>	<b>\$ 51,232,736</b>	<b>\$64,870,148</b>	<b>\$ 55,238,644</b>	<b>\$ 54,738,644</b>	<b>\$ (10,131,504)</b>
Total Authorized FTEs	110	110	113	113	113	\$ -

EOB March 2017	FY18 Re-engrossed HB1	Difference
\$ 63,781,304	\$ 54,738,644	\$ (9,042,660)
113	113	-

### Total State Effort — State General Fund, Dedicated Funds, and Fees and Self-generated Revenue

FY17 EOB as of 12-1-16	FY17 EOB as of March 2017 (Includes Attrition Adjustment)	Difference	FY18 Recommended	Difference	FY18 Re-engrossed HB1	Difference	Difference
<b>TOTAL STATE EFFORT</b>	<b>TOTAL STATE EFFORT</b>	<b>EOB 12-1-16 vs. EOB March 2017</b>	<b>TOTAL STATE EFFORT</b>	<b>EOB March 2017 vs. FY18 Recommended</b>	<b>TOTAL STATE EFFORT</b>	<b>EOB March 2017 vs. FY18 Re-engrossed</b>	<b>FY18 Recommended vs. FY18 Re-engrossed</b>
\$ 51,529,230	\$ 50,110,386	\$ (1,418,844)	\$ 47,738,644	\$ (2,371,742)	\$ 47,238,644	\$ (2,871,742)	\$ (500,000)

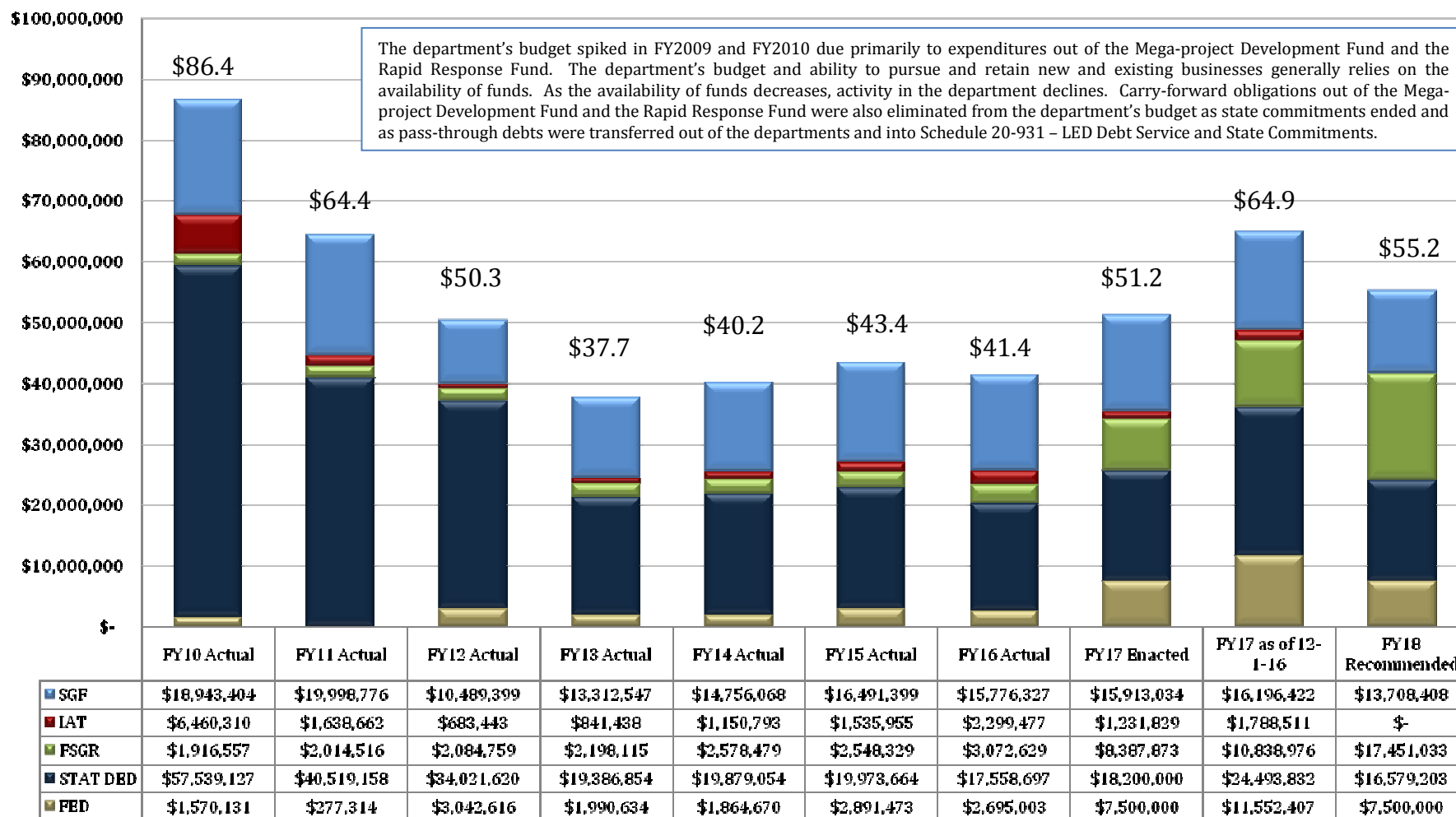


# Department of Economic Development

## Changes in Funding since FY10

**Total Budget by Fiscal Year and Means of Finance**  
(in \$ millions)

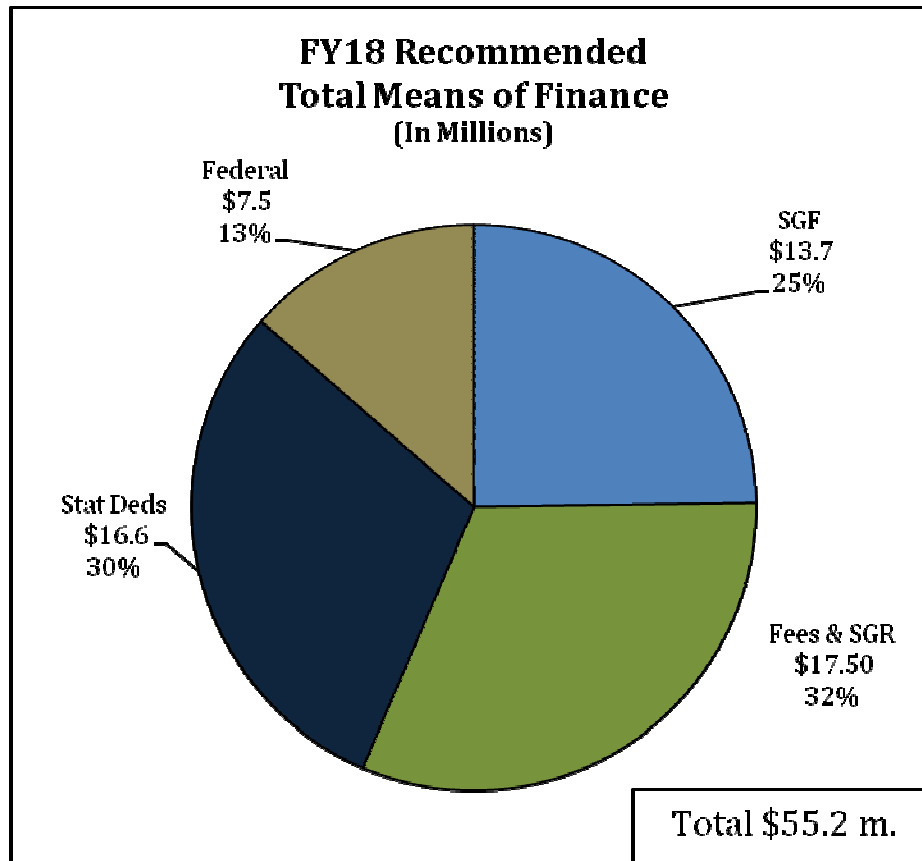
Change from FY10 to FY18 is -36.1%.







## FY18 Recommended Means of Finance



### Non-SGF Sources of Funding:

Non-SGF sources of revenue include **Interagency Transfers, Fees and Self-generated Revenues, and Statutory Dedications.**

The **Fees and Self-generated Revenues** are derived from the collection of certain specified fees from businesses applying for incentives granted by the department and from contributions by economic development allies for foreign representation in Europe.

The **Statutory Dedications** are from the Louisiana Economic Development Fund (S), and the Marketing Fund (S).



## Dept. of Economic Development Dedicated Funds FY16, FY17, and FY18

Dedicated Funds	Source of Funding	FY16 Actual	FY17 Enacted	FY18 Recommended
2013 Amnesty Collections Fund	Various transfers of state monies	\$1,770,384	\$0	\$0
Entertainment Promotion & Marketing Fund	Application fees	\$130,975	\$0	\$0
Louisiana Economic Development Fund	State sales tax	\$13,241,131	\$16,200,000	\$14,579,203
Marketing Fund	State sales tax	\$1,789,174	\$2,000,000	\$2,000,000
Rapid Response Fund	State General Fund	\$627,033	\$0	\$0
<b>TOTALS</b>		<b>\$17,558,697</b>	<b>\$18,200,000</b>	<b>\$16,579,203</b>

Dedicated Funds used to solve FY17 Mid-Year Deficits — Includes December and February Adjustments

Dedicated Fund	Amount
Louisiana Economic Development Fund (February)	(\$753,435)



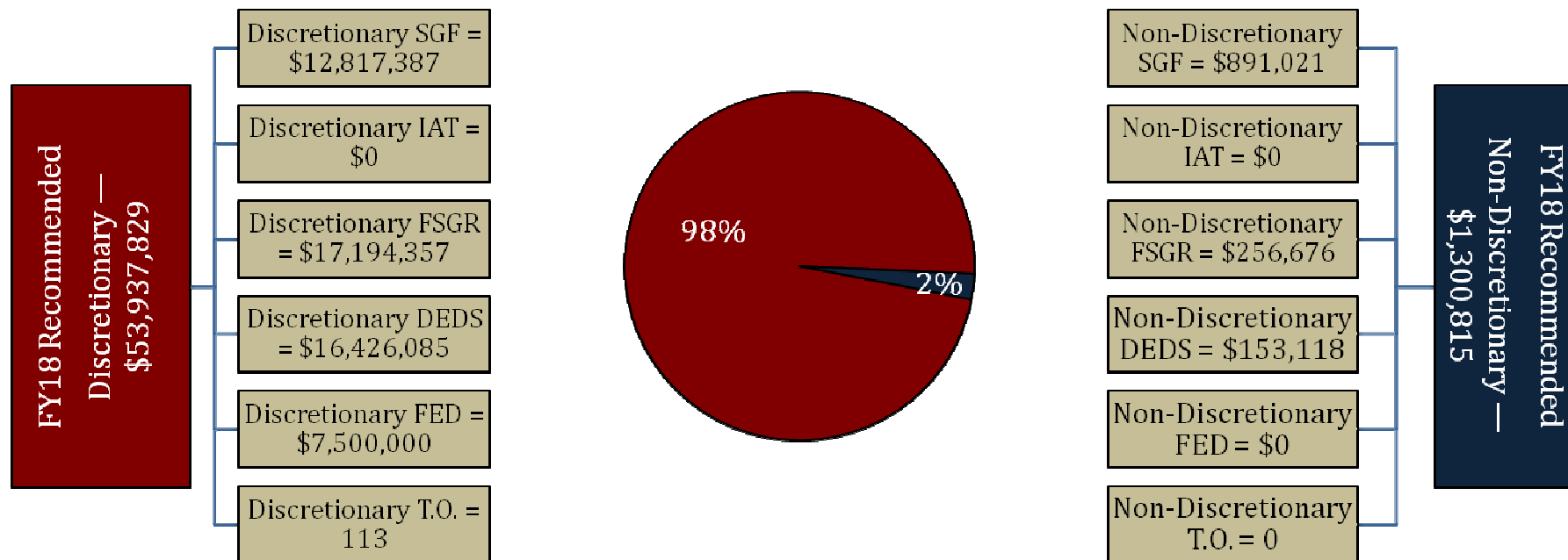
# Dept. of Economic Development Expenditures FY16, FY17, and FY18

Expenditure Category	FY16 Actual	FY17 Enacted	FY18 Recommended	Percent Change FY17 Enacted vs. FY18 Recommended
<b>Personal Services:</b>	<b>\$11,874,105</b>	<b>\$11,046,593</b>	<b>\$13,562,145</b>	<b>22.8</b>
Salaries	\$7,906,676	\$7,082,448	\$8,946,135	26.3
Other Compensation	\$116,818	\$141,014	\$126,014	(10.6)
Related Benefits	\$3,850,611	\$3,823,131	\$4,489,996	17.4
<b>Operating Expenses:</b>	<b>\$1,398,062</b>	<b>\$1,682,729</b>	<b>\$1,581,729</b>	<b>(6.0)</b>
Travel	\$335,028	\$674,603	\$659,603	(2.2)
Operating Services	\$957,909	\$808,370	\$728,370	(9.9)
Supplies	\$105,125	\$199,756	\$193,756	(3.0)
<b>Professional Services</b>	<b>\$5,653,042</b>	<b>\$10,207,305</b>	<b>\$12,805,717</b>	<b>25.5</b>
<b>Other Charges:</b>	<b>\$22,336,254</b>	<b>\$28,296,109</b>	<b>\$27,289,053</b>	<b>(3.6)</b>
Other Charges	\$19,559,106	\$24,469,174	\$24,860,417	1.6
Debt Service	\$0	\$0	\$0	-
Interagency Transfers	\$2,777,148	\$3,826,935	\$2,428,636	(36.5)
<b>Acquisitions &amp; Major Repairs:</b>	<b>\$140,670</b>	<b>\$0</b>	<b>\$0</b>	<b>-</b>
Acquisitions	\$140,670	\$0	\$0	-
Major Repairs	\$0	\$0	\$0	-
<b>Total Expenditures</b>	<b>\$41,402,133</b>	<b>\$51,232,736</b>	<b>\$55,238,644</b>	<b>7.8</b>



# Department of Economic Development

## FY18 Discretionary/Non-Discretionary Comparison



Total Discretionary Funding by Office		
Office of the Secretary	\$ 19,275,937	36%
Office of Business Development	\$ 34,661,892	64%
<b>Total Discretionary</b>	<b>\$ 53,937,829</b>	<b>100%</b>

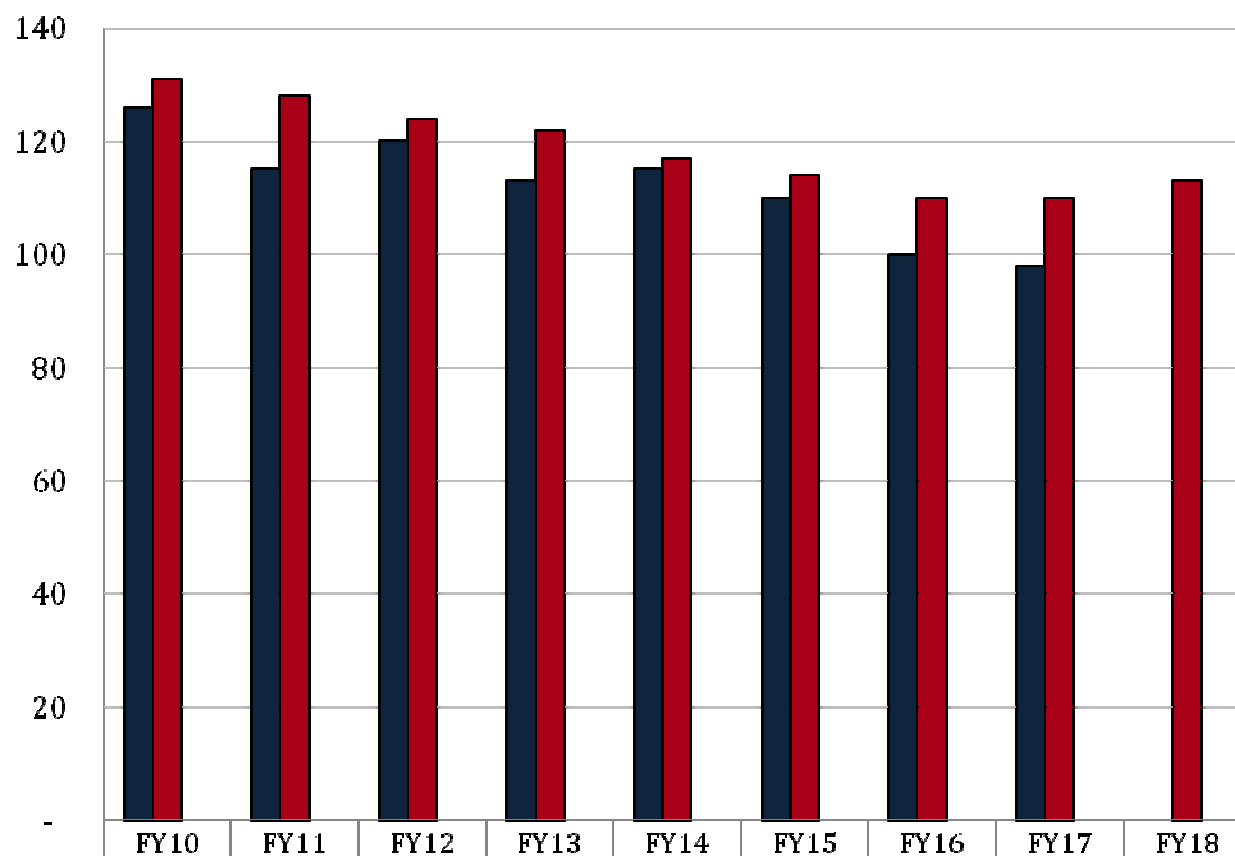
Total Non-Discretionary Funding by Type		
Unavoidable Obligations	\$ 1,300,815	100%
<b>Total Non-Discretionary</b>	<b>\$ 1,300,815</b>	<b>100%</b>

*Unavoidable Obligations = Retirees Group Insurance; Maintenance and Rent in State-owned Buildings; and Legislative Auditor Fees.*



# Department of Economic Development

## FTEs, Authorized Positions, and Other Charges Positions



■ Total FTEs (as of July 1 of each fiscal year)	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18
■ Total Authorized Positions (Enacted)	126	115	120	113	115	110	100	98	-
■ Authorized Other Charges Positions	131	128	124	122	117	114	110	110	113
	-	-	-	-	-	-	-	-	-

### Notes:

Data for Total FTEs uses the first weekly employment report published by State Civil Service in July at the start of the named fiscal year.

Data for Total Authorized Positions uses fiscal year enacted levels, except for FY18 Recommended.

Data for Other Charges Positions are reflected in the Executive Budget per Act 377 of the 2013 Regular Legislative Session (beginning in FY15).

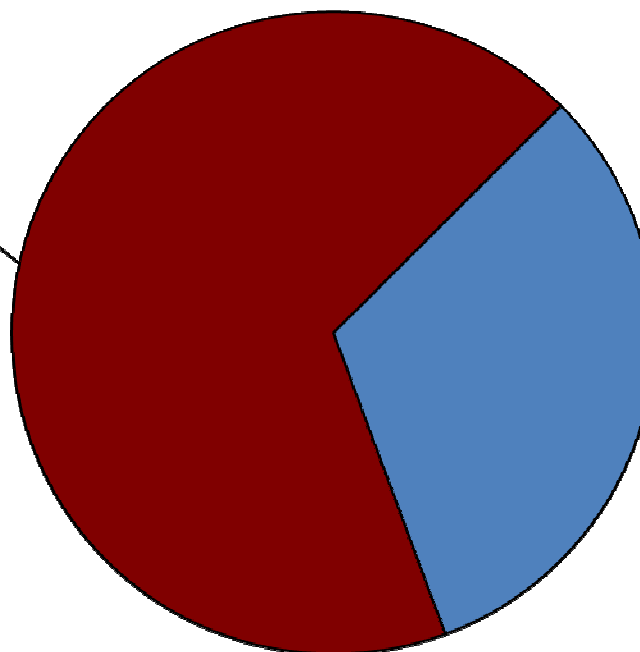


# Department of Economic Development

## FY18 Recommended Total Authorized Positions by Agency

Office of Business  
Development  
77  
68%

*Office of Business Development - Sixteen of these positions are engaged in business development activities to promote and market the state. The remaining positions include marketing & communications, business retention, business development, community outreach, entertainment industry, regional economic development, small business development, international commerce, and business or tax incentive programs.*



Office of the Secretary  
36  
32%

*Office of the Secretary — Fifteen of these positions are engaged in management and finance, including HR, purchasing, and financial management. The remainder are involved in La. FastStart, Executive functions, legal support, internal audit, and state economic competitiveness activities.*

### Office of Business Development

Business Development Program	63
Business Incentives Program	14

### Office of the Secretary

Executive & Administration	36
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# Department of Economic Development

## Total Statewide Adjustments for FY18

<b>05_ECON</b> <b>Department of Economic Development</b> <b>ADJUSTMENTS TO EXISTING OPERATING BUDGET</b> <b>Recommended</b>								
GEN. FUND	I.A.T.	SELF-GEN.	STAT. DED.	I.E.B.	FEDERAL	TOTAL	T.O.	DESCRIPTION
\$16,196,422	\$1,788,511	\$10,838,976	\$24,493,832	\$0	\$11,552,407	\$64,870,148	113	Existing Oper Budget as of 12/01/16
<b>A. STATEWIDE STANDARDS</b>								
(\$279,685)	\$0	\$0	\$0	\$0	\$0	(\$279,685)	0	State General Fund (SGF) reduction in accordance with the Louisiana Constitution, Article VII, Section 11(A).
\$5,206	\$0	\$2,805	\$0	\$0	\$0	\$8,011	0	Civil Service Training Series
\$297,712	\$0	\$177,697	\$0	\$0	\$0	\$475,409	0	Related Benefits Base Adjustment
\$102,952	\$0	\$70,780	\$0	\$0	\$0	\$173,732	0	Retirement Rate Adjustment
\$289,453	\$0	\$150,151	\$0	\$0	\$0	\$439,604	0	Salary Base Adjustment
(\$143,190)	\$0	\$0	\$0	\$0	\$0	(\$143,190)	0	Attrition Adjustment
(\$125,464)	(\$556,682)	(\$2,451,103)	(\$4,293,832)	\$0	(\$4,052,407)	(\$11,479,488)	0	Non-recurring Carryforwards
\$3,020	\$0	\$0	\$0	\$0	\$0	\$3,020	0	Risk Management
\$33,226	\$0	\$22,151	\$0	\$0	\$0	\$55,377	0	Legislative Auditor Fees
\$461,015	\$0	\$219,008	\$0	\$0	\$0	\$680,023	0	Rent in State-Owned Buildings
(\$628,641)	\$0	(\$298,640)	\$0	\$0	\$0	(\$927,281)	0	Maintenance in State-Owned Buildings
\$13,863	\$0	\$9,242	\$0	\$0	\$0	\$23,105	0	Capitol Park Security
(\$4,453)	\$0	(\$2,969)	\$0	\$0	\$0	(\$7,422)	0	Capitol Police
(\$405)	\$0	\$0	\$0	\$0	\$0	(\$405)	0	UPS Fees
\$1,431	\$0	\$0	\$0	\$0	\$0	\$1,431	0	Civil Service Fees
\$464	\$0	\$309	\$0	\$0	\$0	\$773	0	State Treasury Fees
\$1,772	\$0	\$0	\$0	\$0	\$0	\$1,772	0	Office of Technology Services (OTS)
(\$3,169)	\$0	\$0	\$0	\$0	\$0	(\$3,169)	0	Office of State Procurement
(\$2,000,000)	(\$1,231,829)	\$4,852,626	(\$1,620,797)	\$0	\$0	\$0	0	TOTAL MEANS OF FINANCING SUB ADJUSTMENT



# Department of Economic Development Total Statewide Adjustments for FY18

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Department of Economic Development  
ADJUSTMENTS TO EXISTING OPERATING BUDGET  
Recommended

GEN. FUND	I.A.T.	SELF-GEN.	STAT. DED.	I.E.B.	FEDERAL	TOTAL	T.O.	DESCRIPTION
<b>A. STATEWIDE STANDARDS</b>								
(\$513,121)	\$0	\$0	(\$2,000,000)	\$0	\$0	(\$2,513,121)	0	TOTAL NON-RECURRING OTHER ADJUSTMENT
\$0	\$0	\$3,860,000	\$0	\$0	\$0	\$3,860,000	0	TOTAL OTHER ADJUSTMENTS ADJUSTMENT
\$13,708,408	\$0	\$17,451,033	\$16,579,203	\$0	\$7,500,000	\$55,238,644	113	Total Budget
(\$2,488,014)	(\$1,788,511)	\$6,612,057	(\$7,914,629)	\$0	(\$4,052,407)	(\$9,631,504)	0	Total Adjustments



## Department of Economic Development Significant Increases for FY18

Increase	Source	T.O.	Agency	Description
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## Department of Economic Development Significant Decreases for FY18

Decrease	Source	T.O.	Agency	Description
(\$279,685)	State General Fund	0	Dept. of Economic Development	Reduction in accordance with Louisiana Constitution, Article VII, Section 11(A).
(\$4,968,190)	La. Economic Development Fund	0	Dept. of Economic Development	Decrease out of the Louisiana Economic Development Fund due to non-recurring carry-forwards.
(\$2,000,000)	2013 Amnesty Collections Fund	0	Dept. of Economic Development	Decrease out of the 2013 Amnesty Collections Fund due to non-recurring carry-forwards.
(\$930,587)	Rapid Response Fund	0	Dept. of Economic Development	Decrease out of the Rapid Response Fund due to non-recurring carry-forwards.



## Department of Economic Development Significant Means of Financing Substitutions for FY18

MOF Swap	Source	T.O.	Agency	Description
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## Department of Economic Development

### Changes from FY18 Recommended to FY18 Re-engrossed

Changes from FY18 Recommended to FY18 Re- engrossed	Source	T.O.	Agency	Description
(\$500,000)	State General Fund	0	Department of Economic Development	House Committee Amendments direct the Commissioner of Administration to reduce the State General Fund appropriation.
\$0	N/A	0	Department of Economic Development	House Committee Amendments allocate \$50,000 of State General Fund to support regional economic development activities located in the region comprised of Caldwell, East Carroll, Franklin, Madison, Morehouse, Ouachita, Richland, Tensas, Union, and West Carroll Parishes.





# Department of Economic Development

## Significant Budget Issues for FY18

### Major Initiatives:

#### Financial Assistance Initiatives:

- \$10.2 million is provided for the **Louisiana Fast Start Program**, which delivers comprehensive workforce training services to provide businesses that are looking to relocate and/or expand with a turnkey employee training and delivery solution.
- \$7.5 million is provided for the **State Small Business Credit Initiative (SSBCI)**, which funds the Small Business Loan Guarantee and Louisiana Seed Capital programs that support small business lending.

#### Community Assistance Initiatives:

- \$1.4 million is provided for the **Louisiana Economic Development Regional Awards and Matching Grant Program (Tier 1)**. This program provides assistance to eight Regional Economic Partners in their comprehensive and strategic marketing and/or recruitment plans for towns, cities, parishes or regions as a site for new and/or expanded business development.
- \$735,540 is provided for **Small and Emerging Business Development**. This is to provide technical assistance to certified small and emerging businesses by providing managerial and/or developmental assistance and technical assistance that includes entrepreneurial training and other specialized assistance to businesses.
- \$1 million is provided for **Small Business Development Centers (SBDC)**, which provide management assistance and business counseling to Louisiana small businesses.